

Message Text

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12

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-15 AID-05 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 /093 W

----- 122242

R 032202Z DEC 76

FM AMCONSUL MONTREAL

TO SECSTATE WASHDC 8343

INFO AMEMBASSY OTTAWA

AMCONSUL QUEBEC

UNCLAS MONTREAL 1866

E. O. 11652: N/A

TAGS: ETRD, ECON, EAIR, ELTN, CA

SUBJ: CONSTITUTIONAL CONFLICT OVER FREE TRADE ZONE PROPOSAL?

1. PROPOSAL BY PQ INDUSTRY MINISTER, RODRIGUE TREMBLAY, TO CREATE FREE TRADE ZONE NEAR MIRABEL AIRPORT HAS RAISED SOME CONCERN OVER POSSIBLE CONSTITUTIONAL CONFLICT WITH OTTAWA. FREE TRADE ZONE, AS PROPOSED BY TREMBLAY, WOULD EXEMPT GOODS FOR RE-EXPORT FROM TARIFFS. SINCE RESPONSIBILITY FOR TARIFFS IN CANADA RESTS WITH FEDERAL GOVERNMENT, QUEBEC PROVINCIAL GOVERNMENT WOULD NEED TO RAISE ISSUE WITH OTTAWA. CONCERN IS THAT APPROVAL OF PROPOSAL BY OTTAWA WOULD BE SEEN BY SOME AS LOOSENING OF FEDERAL AUTHORITY IN AN IMPORTANT AREA, WHILE REFUSAL FROM OTTAWA COULD BE USED AS ARGUMENT BY SEPARATISTS TO PROVE THAT FEDERAL GOVERNMENT POLICIES MILITATE AGAINST QUEBEC'S DEVELOPMENT. A SPOKESMAN FOR INDUSTRY MINISTER, JEAN CHRETIEN, SAID THAT MINISTER HAD NOT SEEN ANY PROPOSALS FROM QUEBEC GOVERNMENT ON SUBJECT OF FREE TRADE ZONE. SPOKESMAN SAID HOWEVER THAT WHEN FORMAL PROPOSAL IS RECEIVED MINISTER WOULD BE GLAD TO SIT DOWN AND TALK ABOUT ANY PROJECT WHICH WOULD ASSIST QUEBEC INDUSTRY.

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2. FREE TRADE ZONE, WHICH WOULD BE FIRST IN CANADA, WOULD BE

PART OF INDUSTRIAL AND COMMERCIAL PARK AT MIRABEL WHICH HAS BEEN IN PLANNING STAGE FOR SOME TIME. AGREEMENT WAS SIGNED IN JULY UNDER WHICH FEDERAL GOVERNMENT MINISTRY OF REGIONAL ECONOMIC EXPANSION AND QUEBEC PROVINCIAL GOVERNMENT AGREED TO SHARE COSTS OF INDUSTRIAL PARK. CAPITAL EXPENSES WOULD BE DIVIDED 60 O/O PROVINCIAL GOVERNMENT, 40 O/O FEDERAL GOVERNMENT, WITH SHARES REVERSED FOR OPERATING EXPENSES. SINCE SIGNING OF AGREEMENT, NOTHING FURTHER HAS BEEN DONE. TREMBLAY HOPES TO GET QUEBEC'S COUNCIL OF MINISTERS TO APPROVE DOLS 1 MILLION APPROPRIATION AS MATTER OF FIRST PRIORITY SO THAT DEVELOPMENT OF PARK CAN BEGIN.

3. IF FREE TRADE ZONE IS APPROVED, IT COULD PROVIDE INCENTIVE FOR DEVELOPMENT OF MIRABEL AREA, WHICH TO DATE IS QUEBEC'S WHITE ELEPHANT. WITH CONSTRUCTION OF AIRPORT COMPLEX, PLANNERS SAW MIRABEL AREA SERVING AS MAJOR COMMERCIAL AND TRANS-SHIPMENT AREA FOR NORTH AMERICAN MARKET. BUT WITH CHANGE IN AIR TRAFFIC PATTERNS, WITH MANY FLIGHTS GOING ON TO TORONTO, AIR TRAFFIC AT MIRABEL IS FAR BELOW PREDICTED LEVELS, AND INDUSTRIAL DEVELOPMENT HAS NOT OCCURRED.

HARPER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MONTRE01866
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MONTREAL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761272/aaaackad.tel
Line Count: 82
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: wolfsd
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAY 2004 by hattaycs>; APPROVED <10 AUG 2004 by wolfsd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONSTITUTIONAL CONFLICT OVER FREE TRADE ZONE PROPOSAL?
TAGS: ETRD, ECON, EAIR, ELTN, CA
To: SECSTATE WASHDC OTTAWA QUEBEC
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006